

## **Summary of Montana Board of Environmental Review's Mercury Rule Adopted October 16, 2006**

The Montana Board of Environmental Review (the Board) adopted its final rules on mercury emissions from coal-fired electrical generating units (EGUs) at a teleconference meeting October 16. The new rules set strict mercury emission limits by 2010, and put in place a recurring 10-year review process to ensure facilities are keeping pace with advancing technology in mercury emission control. The rules also provide for temporary alternate emission limits provided certain provisions are met, and they allocate mercury emission credits in a manner that rewards the cleanest facilities.

The Board's mercury rules require implementation of a mercury control strategy by January 1, 2010, or at commencement of commercial operation, whichever is later. The emission limit requirements adopted by the Board are expressed in pounds of mercury per trillion Btu of a facility's maximum design heat input (lbs/TBtu). The Board adopted an emission rate of 0.9 lbs/TBtu for EGUs not firing lignite coal, and 1.5 lbs/TBtu for EGUs firing lignite, both calculated as a rolling 12-month average. The rule establishes different mercury emission limits for plants that burn lignite because with current technology it is harder to remove mercury from lignite than from sub-bituminous coal. The Board asked the Department of Environmental Quality to return to the Board at a later date with information on progress in mercury emissions control technology for lignite coal.

If a company installs appropriate controls and operates properly but still can't meet its applicable emission limit, it can apply for an alternate emission limit (AEL). The Board established ceilings on the AELs of up to 1.5 lbs/TBtu for new non-lignite facilities, 2.4 lbs/Btu for existing non-lignite facilities, 3.6 lbs/TBtu for new lignite facilities and 4.8 lbs/TBtu for existing lignite facilities. In 2018 these ceilings drop to 1.2 lbs/TBtu for all non-lignite facilities and 2.8 lbs/TBtu for all lignite facilities. Any facility that exceeds its temporary standard is subject to fines of up to \$10,000/day.

Companies operating under AELs also will have to buy mercury credits to offset the emissions above the applicable limit. For example, assume the emission limit standard allows a hypothetical plant to emit 30 lbs of mercury, but even after incorporating the appropriate technology, it still can't meet its standard and instead emits 35 lbs, which would be under the maximum allowable AEL. That company would have to apply for an AEL that would allow it to emit 35 lbs. The company also would have to buy 5 lbs of mercury credits from another, cleaner facility that has credits to sell. The US Environmental Protection Agency estimates that mercury credits might cost around \$30,000/lb, so each year that facility would have to buy \$150,000 worth of mercury credits until it can meet the applicable mercury limits.

Another important component of the rule is that it requires a mercury-specific best available control technology (BACT) review every 10 years for each permitted plant. This review takes into account advancing technology, industry standards and technical and economic feasibility. The rules give DEQ the flexibility to adjust the emissions limits based on these reviews.